



# UAW General Motors

## Modifications to 2007 Agreement and Addendum to VEBA Agreement

### A message to UAW members at GM

May 2009

Dear Brothers and Sisters,

As we all know, General Motors is suffering through the most severe crisis it has ever suffered. The Company has experienced unprecedented losses and \$15 billion dollars of federal loans have already been necessary to keep the Corporation afloat. U.S. auto sales are at a 40-year low and GM will not make it through this downturn without additional government assistance.

After a lengthy process that included congressional hearings and petitioning the White House, GM was granted initial federal loans by the Bush administration on December 19, 2008. As a requirement for additional federal assistance, GM was asked to provide the US Treasury Department a restructuring plan demonstrating a path to long term viability. On March 30th President Obama rejected GM's February 17 submission and required all stakeholders to make additional sacrifices. He also asked for Chairman Rick Wagoner's resignation and set a new deadline of June 1.

The Treasury's Auto Task Force moved into GM's headquarters in an effort to find deeper and quicker changes to GM's US footprint. The shocking plan that resulted, highlighted by the elimination of 16 existing US facilities including the elimination of the Saturn, Pontiac and Hummer nameplates, levied severe and drastic cuts to the US workforce and UAW membership.

Faced with this dire situation and realizing failure to meet the government requirements would surely mean the end of General Motors, your bargainers painstakingly put together modifications to the collective bargaining agreement to satisfy the Treasury Auto Task Force.

For our active members these tentative changes mean no loss in your base hourly pay, no reduction in your health care, and no reduction in pensions. In addition, we were able to slow the import of vehicles coming from China and other foreign sources and put some of that work in two US plants originally scheduled to close.

In the face of these hard times and financial realities we were required to negotiate changes to the VEBA with the goal of a funding structure that maintains the core principle that the VEBA must be funded in such a manner to provide as much protection as possible so that our retiree health care continues to be protected. Unfortunately, in this process our retirees are required to make difficult sacrifices as is explained later in the summary.

Your negotiators worked hard and pushed for all stakeholders to share fairly in the necessary sacrifices to save GM. All salary employees and Company executives up to and including the Board of Directors and the CEO are making sacrifices. Dealers, suppliers and bondholders are all contributing to this massive effort to keep the Corporation viable and sustain good jobs in the USA.

While we realize the proposed viability plan requires painful, unprecedented sacrifices from UAW members, with your support we were able to divert thousands of vehicles scheduled to be imported from low wage countries including China to be assembled in an idled US GM facility, we maintained those product guarantees that are still available, and we negotiated new opportunities for UAW involvement in future business decisions.

This document summarizes the tentative modifications to the 2007 agreement the UAW has reached with General Motors, and an Addendum to the agreement establishing the Voluntary Employee Beneficiary Association (VEBA) trust for retiree health care. Considering the alternatives, we urge a "yes" vote in favor of ratification.

In Solidarity,

Ron Gettelfinger  
President

Cal Rapson, Vice President  
and Director, UAW-General Motors Department

and the UAW General Motors National Negotiating Committee

# Settlement Agreement

The UAW and GM have agreed to the terms set forth in this agreement (including its attachments). This agreement shall constitute an addendum to the 2007 UAW-GM National Agreement.

With respect to the terms of the attached Memorandums of Understanding calling for suspensions of compensation or benefits, or other amendments to existing contractual provisions, the amendments and/or suspensions will last until the expiration of the 2007 UAW-GM National Agreement unless other expiration dates are specifically required by the Loan and Security Agreement between GM and the United States Treasury or, unless otherwise modified or terminated by the mutual agreement of the parties.

## Overtime

Upon ratification of the proposed modifications, the time-and-a-half rate will begin after 40 compensated straight time hours. Saturday and Sunday premiums will be paid after 40 hours straight time compensation in the same work week including authorized Paragraph 109 Leave of Absence.

## Relief Time

Break time has been reduced to 40 minutes of relief time per eight hour shift and 50 minutes per 10 hour shift.

## COLA

Cost-of-living adjustments will be suspended for the term of the modified agreement to offset health care costs.

## Performance Bonus

The parties agreed to suspend payment of performance bonuses to traditional employees scheduled for 2009 and 2010 to offset health care costs.

## Paid Holiday Plan

To help offset health care costs, negotiators agreed to suspend the Easter Monday holiday in each of the remaining years of the current agreement. The holiday scheduled for Monday, April 5, 2010 will be suspended, as will Monday, April 25, 2011.

## Entry Level

All newly hired employees who start their employment prior to the expiration of the 2011 UAW-GM National Agreement on September 14, 2015, shall be hired as Entry Level employees. No Entry Level employee shall transition to traditional employee status during that time. Upon the above stated expiration date, the number of Entry Level employees above 25% of the total UAW-GM hourly population, or less if the existing number of Entry Level employees is less than 25% (but not below 20%), shall be transitioned to traditional employee status by seniority, corporate-wide. The ratio of entry level employees to traditional employees established on that date (not to exceed 25% nor be

below 20%). shall remain in effect for the life of the agreement.

The "Production" and "Starting" wage rates are frozen at current levels and provisions for future Wage Formula Increases are suspended for the duration of the 2007 UAW-GM National Agreement. However, new hires will continue to progress from the established starting rates to the full production rate consistent with the MOU's provisions regarding wages. The Performance Bonus payments for entry level employees are suspended for the remainder of the 2007 UAW-GM National Agreement.

## Temporary Flex Employees

A new category of employees has been established titled "Flex Employees." Flex employees may be utilized as part-time employees normally scheduled to work on Monday, Friday and Saturday and other days/shifts to accommodate special circumstances as they arise. Any flex employee needed for product launches or fluctuations due to transition in the workforce (special attrition) and to support temporary volume increases will require prior joint agreement of the National Parties.

Basic health care coverage will be provided when all eligibility requirements are met. There will be no credit given toward acquiring seniority. Flex employees will be given priority for entry level job opportunities provided that they have worked 1040 hours and have an acceptable work record.

## Vacation Replacements

This memorandum suspends Appendix A, Section VIII and Section X for temporary employees. Vacation replacements may no longer be approved by the local Union, but must be reviewed with the Local and International Unions. No flex employees or vacation replacements will be used at plants with laid off members.

## Independence Week Shutdown Period (IWSP)

The parties agreed to suspend payment of the Independence Week Shut-

down Period. Two weeks of vacation shutdown may be scheduled annually. Both weeks, if scheduled, would occur during any week between Memorial Day and Labor Day with the local parties having additional scheduling options.

The parties agreed that the notification requirements for the identifying designated Plant Vacation Shutdown Weeks during the 2009 calendar year will be extended until thirty (30) days following the effective date of the Addendum.

## Vacation

Payment of unused vacation entitlement will be discontinued effective in 2009. Effective immediately, employees will be required to utilize their entitlement during the eligibility year in order to receive vacation pay. 40 hours of unused VR time may be taken as pay in lieu. However, the expectation is that all VR days will be utilized.

The parties recognize that this change will result in greater numbers of employees desiring vacation time off. In order to accommodate this, management has the ability to augment the workforce with temporary employees on an as needed basis, particularly during prime vacation time.

Due to modifications to Vacation Entitlement and Vacation Time Off provisions in the 2007 UAW-GM National Agreement which may impact an employee's ability to receive their fully allotted vacation time off, it has been agreed on a one time basis that the provisions of Paragraph 202 (h) be temporarily suspended to allow employees to apply for vacation time off during the first thirty (30) days following ratification of this addendum. Employees will be given a written disposition as soon as possible but not later than thirty (30) days thereafter.

## Direct Deposit

In order to provide the convenience of immediate availability, added safety and significant efficiencies, effective August 1, 2009, all payroll drafts will be electronically deposited into each employee's account at his/her designated

financial institution on Friday of each week. Additionally, all pay stubs will be mailed to the employee's address of record. Employees who do not provide the necessary information to implement the direct deposit process will have their payroll drafts mailed to their address of record.

### **Employee Placement**

Appendix A area hire placement procedure remains intact with a modification in the order of job offer allowing employees from closed plants, laid off members and plants with excess members with higher placement priority.

Laid off skilled trades employees within the area hire will be made production job offers in inverse seniority order whether or not they have previously held production jobs with GM. This will occur after all area hire offers and offers to any volunteers in the extended area hire that have been exhausted.

Skilled trades employees placed into production jobs shall be paid the applicable wage rate for their skilled trades classification and retain their rights to return to skilled trades jobs for which they are qualified by previously held classifications.

New process modifies extended area hire placement after volunteers have been exhausted. The process establishes 3 geographic areas to minimize the distance that members would be forced to relocate as follows:

The lowest seniority traditional production employee at a closed location will be given the option to either accept the job offer at the plant that is hiring in their geographical area or go on leave of absence with no benefits.

Lowest seniority traditional production employee on layoff will have options: Either accept job offer at the plant that is hiring in their geographical area or go on a leave of absence with no benefits but to retain recall rights to their home plant only.

The lowest seniority laid off traditional production employee from a closed plant within the next closest region will be made offer on the same conditions as above followed by the lowest seniority laid off production employee.

### **Work Practices**

The National Parties discussed locations that haven't reached new local agreements and those that have ratified local agreements, but haven't achieved General Motors' 2007 competitive operating agreement rating of ninety-three

### **Job Security Program Suspended – Appendix K**

The parties agreed to suspend certain provisions of the Job Security Program that place employees in Protected Status. All employees currently in Protected Status have been placed on layoff and employees henceforth eligible for Protected Status also will be placed on layoff and will be eligible for the Supplemental Unemployment Benefits (SUB) and Transition Support Program (TSP) benefits outlined below.

### **Supplemental Unemployment Benefit (SUB) Modified, Transition Support Program (TSP) Established**

The proposed agreement modifies the SUB and establishes a new TSP according to the following schedule.

SENIORITY	SUB	TSP
20-plus years	52 weeks	52 weeks
10-20 years	39 weeks	39 weeks
1-10 years	26 weeks	26 weeks

The Transition Support Program pays 50 percent of the employee's gross weekly wages for a 40-hour work week. State unemployment insurance will be deducted from TSP payments. There will be no offsets of any additional earnings.

Members may choose to opt out of the TSP and will receive the remaining TSP liability and \$10,000. This choice must be made prior to the employee becoming eligible for TSP benefits. If the member chooses this option, he or she will forfeit all recall rights, but their remaining allotment of health care coverage continues.

Health care continuation for laid-off workers remains unchanged from the 2007 National Agreement. Coverage is based on years of seniority, accordingly.

### **SCHEDULE OF CONTINUANCE OF COVERAGES FOR EMPLOYEES LAID OFF AS DEFINED UNDER THIS PROGRAM**

Years of seniority as of last day worked prior to layoff	Maximum number of months for which coverage will be continued without cost to employee
Less than 1	1
1 but less than 2	4
2 but less than 3	6
3 but less than 4	8
4 but less than 5	10
5 but less than 10	13
10 and over	25

(93) percent or more. Those locations that currently have ratified local agreements that meet the rating will not be subject to the following:

As soon as practicable, but within thirty (30) days of ratification, the National Parties will assist and engage the locations with the implementation of modifications, comparable to General Motors' 2007 competitive operating benchmark, needed to achieve a minimum ninety three (93) percent rating. Additionally, the aforementioned locations efforts to achieve the goal will be completed as soon as possible, but no later than December 31, 2009.

The National Parties will be responsible to review the progress of each location every thirty (30) days to ensure compliance by the completion date.

### **Alternative Work Schedules – 4/10's**

Two week advanced notice will be

provided by the Corporation to the local parties of a pending schedule change. The International UAW GM Department approves and notifies the Local Union of the change in work schedule.

The implementation of this work schedule may result in multiple work schedules in effect concurrently at the same facility: e.g. 4 day/10 hour schedule for production employees and 5 day/8 hour schedule for certain maintenance employees, as identified locally.

### **New Attendance Procedure**

The Union and the Company modified the attendance procedure in Document 8. When the employee misses time at work due to tardiness of 4 hours or more or a non-excludable absence, it will be considered an occurrence.

All employees are required to call in their absence at least 30 minutes prior to their shift starting time. Failure to call

in will result in an occurrence.

The modified procedure is a six step process. An employee facing termination pursuant to this procedure's sixth occurrence may request to have their pending termination reviewed by the Personnel Director and the Shop Chairman to consider whether the employee's instant absence or failure to call in was due to documented extraordinary circumstances beyond their control. If the local parties agree not to take further action the employee will remain at their current step of the procedure. However, should the parties not reach agreement. Management reserves the right to terminate the employee.

The parties agreed that employees who have active Attendance Improvement Steps issued under the 2007 Special Procedure for Attendance will have the most recent entry on their record reduced one step upon the effective date of the modified Special Procedure for Attendance.

## **Delphi Keep Sites**

As part of the overall GM restructuring plan required by the Loan Agreement with the U.S. Treasury, the parties have agreed GM will assume ownership of the following sites as a wholly owned subsidiary:

Delphi Saginaw Steering – Saginaw, Michigan  
Delphi Thermal Systems – Lockport, New York  
Delphi Powertrain – Rochester, New York  
Delphi Powertrain Systems – Grand Rapids, Michigan  
Delphi Electronics and Safety – Kokomo, Indiana

GM's subsidiary will employ all UAW-represented employees at these sites, including active and inactive (e.g. currently on the rolls, whether on temporary layoff, indefinite layoff, workers' compensation, disability or other leaves of absence) under the terms and conditions of all applicable Delphi collective bargaining agreements currently in effect.

# Skilled Trades

Within the 2007 UAW-GM National Agreement, the parties acknowledged a mutual desire to have the most competitive, highly trained, and flexible workforce in the industry.

There will be three skilled trades classifications:

## 1. Electrical

- The electrical trade will remain unchanged with the possible exception of absorbing the non-apprenticable electrical classifications
- WEMR trade may be consolidated into the electrical trade dependent on the work functions performed at the local level. (WEMR could consolidate to Mechanical but will not do both).

## 2. Mechanical

- Pipefitter
- Machine Repair
- Millwright Welder
- Toolmaker

## 3. Tool and Die

- Die makers in the TDO, stamping, contiguous facilities will be trained as tool and die
- Die welders will remain unchanged in the Weld Tool and TDO operations

Truck Repair, HVAC, and Stationary Engineer remain unchanged. DES, Milford Proving Grounds, and the Tech Center Engineering Trades remain unchanged.

## Guidelines will be established nationally for the following:

- Openings/Transfers within the facility as well as Appendix A and Paragraph 96 moves
- Reductions in force
- Recalls
- Shift Preference
- Seniority, DOE
- Overtime
- Trade specific work assignments between classifications

## Skilled Trades Teams and Team Leaders will be established

The rate of pay for cross functional skilled trades teams will be the rate re-

ceived by the highest paid classification involved. A cross training program will be established locally and approved by the National Parties before implementation. Programs will be administered locally by the Local Apprentice Committee. Once teams are trained and begin to work, there will be no lines of demarcation.

Document 63 and 112 will continue to provide the contractual mechanism for consolidations of skilled classifications.

Retraining bonuses as well as consolidation bonuses are still in effect.

## Trades will remain apprentices

When attrition in a team occurs, replacement will be by base trade while applicants last. When the applicants have been exhausted, openings will be filled by apprentices/new hires by trade. The replacements will receive the cross training necessary to function within the team.

**Document 157:** Implementation of Production Maintenance Partnership (PMP) at all locations. The intent is to empower the production team members and allow them to safely perform minor maintenance on equipment they are responsible for.

**Document 158:** The parties agree that alternative work schedules for maintenance crews that allows work schedules of forty (40) hours that include Saturday and Sunday work for straight time pay may be implemented by management. It is understood that these alternative work schedules are subject to the approval of the Corporation and the International Union.

**Document 159:** The parties have agreed to exit all work elements ("major/minor rule will apply") outlined in Doc. 159 as expeditiously as possible, but no later than January 1, 2010.

## Tool and Die Operations Flint T&D

- The parties have agreed to increase the staffing levels up to 300 die makers. The timing will coincide with the increase of the work flow.
- Approximately 14 machinists

will be added as soon as the Volt program enters the construction phase.

- Agreements were reached to increase machining efficiencies modeled off the Grand Rapids agreement.
- Maintenance support will focus on the predictive, preventive and corrective maintenance of all tooling equipment and machines by creating dedicated PM teams.
- Work schedules for Machine and DVC operations will consist of three shifts, 6 days.
- Bench schedules will be determined by work load using daily overtime as first option and weekends as determined by timing on a 2 shift operation.

## Weld Tool Operations WTC

- Checking fixtures for dies built by TDO will now be constructed in WTC.
- The parties will explore construction of ETAC fixtures in Grand Blanc.
- The parties will do a weld tool design test case to determine competitiveness and viability for tools built by WTC.

## Die Engineering Services (DES)

- Checking fixtures for dies built by TDO will be assigned to DES for design.
- Designing of ETAC fixtures will be assigned to DES upon successful build study at WTC.
- Weld Tool Design opportunity for DES bargaining unit.
- Designs subcontracted to Brazil and Germany reallocated to DES.

## General

- 42 CSD's worth of dies for the Volt program previously subcontracted are reallocated to Flint, Grand Rapids, Marion and Mansfield.
- Grand Rapids TDO operation previously scheduled to close mid summer will remain open until December 31, 2009.

# Sourcing, Product and Investment Commitments

## Compact and Small Car Investment in the United States

During these negotiations, the Company and the Union held extensive discussions regarding the importance of maintaining a strong manufacturing presence in the U.S. and the need to secure and protect job opportunities for UAW members. The parties also discussed the Company's plan to import certain vehicles from China and other foreign countries targeted for the U.S. market.

It is understood that the compact and small car segment is extremely competitive and in order for the Company to consider investing in producing such vehicles in the U.S., innovative labor agreement provisions will have to be put in place so that such production can be done profitably under what may be extremely challenging market conditions.

It is with these understandings that the Company agrees to the following:

## Assembly Operations

– The Company will invest in a

compact and small car Assembly site in the U.S., utilizing an idled UAW-GM facility.

- The selected site will be tooled for a capacity of approximately 160,000 annual units of production
- The products allocated to this site will be versions of compact and small cars that are not produced at any other U.S. facility at that time
- The manufacturing strategies which will be employed when setting up the assembly operations for this product allocation include
  - Body Shop subassembly content consistent with Global Core Panel Strategy
  - General Assembly VAA subassembly work performed in-house
  - Facility maintenance for the assembly site to be provided by a Third Party Provider in accordance with Document 159 of the 2007 UAW-GM National Agreement

## Stamping Operations

- The Company will utilize an idled UAW-GM Stamping Site
- The selected site will be tooled for the capacity required to support the

volume of the compact and/or small car assembly site only

- The manufacturing strategies which will be employed when setting up the stamping operations to support compact and small car assembly include
  - Global Core Panels only, for both Stamping and Die Construction; other non-core stampings may be considered on a business case basis.
  - Facility maintenance for the stamping site to be provided by a Third Party Provider in accordance with Document 159 of the 2007 UAW-GM National Agreement

## Applicable to Assembly and Stamping Operations

– The local agreements conform to 100% attainment of the Competitive Operating Agreement principles

– The Company and the Union will work together, utilizing the provisions of the 2007 UAW-GM National Agreement and the 2009 Addendum thereto, to arrive at innovative ways to staff these operations.

## Imports to the U.S. Market – Standby U.S. Capacity

The Company recognizes that the contributors to its ongoing viability – the American taxpayers, the UAW, the U.S. Treasury and others – have the expectation that their contributions will be focused on maintaining U.S. automobile industry jobs and as such, the Company also recognizes that an important balance must be struck between this expectation and the Company's obligation to make the best possible use of its global assets in order to return to a sustained level of profitability from which all the aforementioned contributors, as well as all of its employees and stockholders, will benefit.

In the Viability Plan, the Company has put forward its best effort at matching a well utilized U.S. production capacity to what it expects the demand to be in the U.S. Market. This is supplemented strategically with units from plants outside the U.S. in order to capitalize fully both on its installed capacity and on revenue opportunities across all market segments.

The scheduled U.S. plant closings resulting from implementation of the Viability Plan were discussed at length between the parties and concerns were expressed by the Union with respect to impacts on employees and their communities. The Union also raised the concern that if the volumes being forecast as part of the Viability Plan are beyond those actually realized, or if the market place returns to a more normal level more rapidly than forecasted, the U.S. operations may not have available capacity to adequately respond to production needs, therefore creating additional dependency on foreign imports.

In order to address this concern, the Company has agreed to designate three assembly plants and one stamping plant idled as result of the implementation of the Viability Plan as stand-by locations, to be reactivated if U.S. market volume exceeds the level projected in that Plan to the extent that added installed capacity is required to meet U.S. market demand.

## Investment in the United States

During these negotiations, the Company and the Union held extensive discussions regarding the importance of maintaining a strong manufacturing presence in the U.S. and the need to secure and protect job opportunities for UAW members. The Company and the Union also discussed the challenges of the economy and the Company's financial condition. In the event that improvements in U.S. market demand and business conditions provide upside volume, priority will be given to locating that capacity in the United States. In addition to current vehicle architecture and components, management will consider placing future architectures and/or components in U.S. plants. Management reaffirms its plans to meet the insourcing commitments identified in the 2007 UAW/GM National Agreement and during this set of negotiations. As part of the established process of communication, the Union will be given the opportunity to understand the capacity alternatives and the business rationale.

# Sourcing, Product and Investment Commitments

## Mexico Investment Review

The parties recognize that the requirements of the federal loans make it especially key for the Corporation to maintain a competitive and financially strong manufacturing base in the U.S., and in so doing, protect jobs for its employees.

The parties agreed that effective February 17, 2009, prior to the Company making any additional product commitments in Mexico, discussions regarding these investment plans would be held with the UAW in advance of any final decision being made. The Corporation recognizes the Union's desire to propose alternatives.

## Dual Sourced Vehicles -- Imports to the U.S. Market – Added Shifts

The Company commits that it will not add shifts at a non-U.S. plant that supplies vehicles to the U.S. market which are similar to vehicles also supplied by an operating U.S. plant, unless the additional shift(s) are a direct result of increased demand in the non-U.S. markets serviced by those plants. Adding shift(s) to a non-U.S. plant may also occur if the U.S. plant(s) that supply these similar products are operating on three shifts.

Pursuant to the allocations assumed by the Viability Plan, this commitment would apply to Ft. Wayne and Flint C/K (linked to Silao) as well as Lordstown and Lansing Delta Township (linked to Ramos Arizpe).

In addition, it was agreed that in the event production schedules, having been established, subsequently decrease, the parties will discuss how such volume reductions will be implemented.

## GMX 351 Malibu Subassemblies

With regard to discussions held between the parties relative to certain Body Shop Subassemblies for the GMX 351 Malibu, the Corporation committed to investigate alternative work content that could be done competitively within UAW-GM facil-

ties which, if brought in-house, would satisfy the spirit and intent of the 2007 Agreement commitments pertaining to the Sourcing Moratorium.

It is understood that if such content can not be identified and placed in-house, then the provisions of the Sourcing Moratorium will be observed with respect to the subject Malibu subassemblies.

## Powertrain Volumes

During these negotiations the parties agreed to renew the concept of equitable allocation of volume which will result in a temporary volume increase (approximately 200 units per day) at Flint South. The longer term plan continues to show Flint South being fully utilized at 800 units per day.

## Flint Engine Plant

The parties engaged in extensive discussion regarding a new plant in Flint. The parties acknowledged that the Corporation's current financial position, due to the current market downturn and excess capacity, does not lend itself to the building of a new plant. In this regard, management assured the Union that it will re-evaluate the feasibility of a new plant in Flint upon improvements in the marketplace and the Corporation's financial situation.

## Enhances Insourcing Process

During these negotiations, the Union expressed concern regarding the Corporation's lack of progress toward attainment of the insourcing commitments set forth during 2007 Negotiations.

As a way to provide additional structure to the process of identifying insourcing opportunities during these economically challenging times, while at the same time improving the competitive position of the Corporation, the parties have agreed to enlist the aid of a mutually agreed upon independent consultant.

The objectives of engaging this consultant will include, but not necessarily be limited to:

- Assisting the joint parties in identifying and evaluating work that can be done competitively in UAW-GM locations.
- Providing insight regarding evaluation tools to be used in the process.

Within 30 days following the consultant being retained, an initial meeting will be held with him/her and the National Sourcing Committee to discuss the general nature of the process and to listen to initial suggestions he/she may have regarding work categories believed to hold the most competitive potential.

Within 90 days following this meeting, the GM and UAW Sourcing Staffs shall develop additional details around how the process will operate. A GM Financial representative may participate in these discussions as appropriate.

This Enhanced Insourcing Process does not eliminate the Corporation's insourcing obligations identified in the 2007 UAW-GM National Agreement and those identified during these "Special Negotiations."

## Global Purchasing and Supply Chain Competitiveness Review

The UAW strengthened our involvement in early product sourcing and purchasing decisions. General Motors has agreed that the Vice President and Director of the UAW GM Department, the GMNA Vice President of Labor Relations, and the Group Vice President, Global Purchasing and Supply Chain, will meet quarterly for a high level Competitiveness Review. The Competitiveness Review will include subjects such as sourcing, improved commonality, competitive cost structures, and leading edge technologies.

## Union Involvement and Supplier Relations

During these discussions the Union expressed concern that under certain circumstances, the Corporation's cost targets for seat suppliers may create an unintended imbalance between that labor cost component of a fully competitive bid and other elements comprising the bid. The parties agree that, considering other factors, \$35 per hour all in can be an appropriate labor standard for this work.

The parties acknowledge that there are many ways in which a seat supplier and the Union can achieve a competitive labor cost structure that enables the supplier to provide a competitive bid to the Corporation.

## New Special Attrition Plan will be offered

The 2009 Special Attrition Program will be presented to all UAW represented employees at all Assembly, Stamping, Powertrain, Engineering, SPO, and PPO facilities with the exception of the following:

Davison Road  
Flint East  
Needmore Road

The plan will be presented no later than June 9, 2009. Entry level employees are not eligible to participate.

Employees will be given the opportunity to accept the follow-

ing opportunities within 45 days of roll-out:

### Retire

Production employees - \$20,000 and a \$25,000 vehicle voucher less taxes

Skilled employees - \$45,000 and a \$25,000 vehicle voucher less taxes

### Voluntary Quit

- Less than 10 years - \$45,000 and a \$25,000 vehicle voucher less taxes
- 10 years, less than 20 - \$80,000 and a \$25,000 vehicle voucher less taxes

- 20 years or more - \$115,000 and a \$25,000 vehicle voucher

### Pre-retirement

- 29 years of service as of Aug. 1, 2009 - \$2,900 gross monthly wages
- 28 years of service as of Aug. 1, 2009 - \$2,850 gross monthly wages

Mutually Satisfactory Retirements (MSR) will be offered to employees aged 50 or older and 10 or more years of credited service.

(All details are available and should be thoroughly reviewed by interested members.)

## Health Care

### Health Maintenance Organizations

The Corporation proposed eliminating the four remaining Health Maintenance Organizations, all staffed with UAW-represented workers, and making it more difficult to propose new HMOs in the future. Instead the UAW negotiated modifications to the existing methodology used to compare the cost of a HMO to the cost of the Traditional Care Network in the same area.

Under this tentative agreement, for the first time an independent actuary, selected by both the Union and the Corporation, will calculate the trend rates involved, using a margin of error and age/gender adjustments developed jointly. There will be adjustments made for small market areas where the local carrier has a total enrollment of less than 1,500 employees and dependents.

To assist in the comparison under this proposed agreement, Health Plus, Blue Care Network (except Lansing), Health Alliance Plan, and MercyCare Health Plan remain open to new enrollment. Blue Care Network Lansing will be open to new enrollment effective November 1, 2009 and an independent evaluation of this plan's rates will be concluded prior to the expiration of the 2007 Agreement. If this independent evaluation shows the BCN Lansing rates continue to be above the TCN rates this plan will be discontinued August 1, 2011. As previously agreed to, HMOs are not available to entry level employees.

### Coverage for Certain Dependents

Under the proposed changes active employees will not be allowed to enroll Sponsored Dependents. In addition, coverage for Sponsored Dependents and Principally Supported Children will be eliminated for active employees effective October 1, 2009. Principally Supported children can still be enrolled if a legal guardianship is obtained, or if the child is adopted.

These same changes will be effective for retired employees and surviving spouses the later of (a) October 1, 2009, or (b) upon the receipt of the necessary court approvals.

### Life and Disability

The parties have agreed to continue to work together to address issues impacting the Disability Program. In an effort to reduce the number of impartial medical exams a pilot process will be implemented effective August 1, 2009 and run until the end of the 2007 National Agreement.

Under the pilot, the employee must provide medical evidence that substantiates total disability, i.e. medical proof. Claims with insufficient medical information that supports total disability under the Program will be denied. As part of this process, Union and management will jointly complete a review of the disability claim forms to ensure that necessary information be included on the forms to support this pilot.

The pilot will be applied to Orion Assembly Center, GMVM-Spring Hill Man-

ufacturing, Arlington Assembly Center, Romulus Powertrain, Flint Metal Fabricating, and Mansfield Metal Fabricating.

Any denial under this process will be subject to The Procedure For The Review of Denied Claims under the National Agreement with expedited review at the third step. This review will be facilitated by the administrator using an independent nurse professional not previously involved in the initial disposition of the claim and will include a representative from the International Union and the Corporation. The parties will meet to discuss this process at least monthly.

### Pension Plan – Workers Compensation

Under the tentative agreement the Workers Compensation Letter in the 2007 Pension Plan will be modified. Effective January 1, 2010 this letter, which caps the combined compensation of a Michigan worker who retired under the Total and Permanent Disability provisions of the Pension Plan while drawing Workers Compensation will apply to all previous retirements. Also effective January 1, 2010, employees who retire under these provisions commencing that date or after will, pursuant to the Michigan Workers Compensation Act, have Workers Compensation payments reduced by the pension and retirement payments payable under the Hourly-Rate Employees Pension Plan.

# Joint Programs Modified

## Joint Programs – Tuition Assistance Programs

The parties agreed to suspend the Tuition Assistance Program for the current fiscal year. Effective June 1, 2009, TAP will be suspended for all active, retired, and laid off employees, as well as surviving spouses of deceased employees. The UAW-GM Center for Human Resources Joint Activities Board of Directors will review TAP in the future to determine when funding is sufficient for reinstatement to levels agreed to during 2007 bargaining.

## Joint Programs – UAW-GM Scholarship Program for Dependent Children (DSP)

Based on the projected decline in CHR revenue, the UAW-GM Center for Human Resources Joint Activities Board of Directors agreed to suspend the UAW-GM Scholarship Program for Dependent Children effective January 1, 2009. It was further agreed that the Board would review DSP in the future to determine if funding is sufficient and it is feasible to consider the program for reinstatement.

## Joint Programs – Child Care and Elder Care Resource and Referral (CCECRR) Program

During these negotiations, it was agreed that sixty (60) days following the effective date of the agreement, all CCECRR services will be insourced and administered by the CHR Work/Family Department utilizing current CHR resources and staffing. The services of the CCECRR program will be limited to the basic items such as providing Child/Elder Care network information and disseminating Work/Life Balance material to eligible UAW-GM active traditional employees. The cost to administer the CCECRR program excluding employee wages and benefits will not exceed \$150,000 annually. The CHR Joint Activities System (JAS) will also be utilized to disseminate agreed upon CCECRR basic information and

services to UAW-GM active traditional employees.

## Joint Programs – Flint Child Development Program

The Flint Child Development Center will suspend operations effective June 30, 2009. Following suspension, the parties will jointly pursue the sale of the current facility and other assets.

The Board of Directors – Joint Activities will review the Flint Child Development program in the future to determine if funding is sufficient and it is feasible to pursue a more cost effective alternative plan for subsidizing UAW-GM active traditional employee child care in the Flint, Michigan area.

## Joint Programs – Saturn Creative Learning Center (SCLC)

Effective immediately, the parties will jointly pursue re-negotiating the current contract between Saturn Corporation and Knowledge Learning Corporation for the purpose of eliminating long term subsidy liability. Within ninety (90) days of this agreement, the parties will submit to the Board of Directors – Joint Activities, a business case for the appropriate timing to suspend operations at SCLC.

Following the suspension of SCLC operations, the Board of Directors – Joint Activities will determine in the future if funding is sufficient and it is feasible to pursue a more cost effective alternative plan for subsidizing the UAW-GM active traditional employee child care in the Spring Hill, Tenn. area.

## CHR Funding

It was agreed that effective June 1, 2009, the current joint program funding accrual formula will be suspended and the current balance of unused National, Reservoir, and Health and Safety joint funds will be replaced on an ongoing basis as discussed by the parties to maintain operational funding to support those programs continuing to function. This modification shall remain in effect for the remainder of the 2007 UAW-GM National Agreement unless otherwise determined by the parties.

## Health and Safety

### Health and Safety – Combining of Hygiene Technician (IHT) and Joint Ergonomics Technician

The Industrial Hygiene Technician (IHT) and Joint Ergonomics Technician positions, responsibilities, and duties will be combined into one program representative. This joint program representative allocation will be consistent with the current allocation as determined for the Joint Ergonomics Technician referenced in Attachment A, Section VII, Ergonomics.

These changes will become effective immediately once notification is given by the Vice President of the UAW General Motors Department to the GM Vice President of Labor Relations no later than January 1, 2010.

### Health and Safety – Joint Research and Occupational Health Advisory Board (OHAB)

During these negotiations, the parties discussed the need to reduce administrative costs associated with retaining the Occupational Health Advisory Board.

Current research commitments and activities will continue through the term of the Agreement. The Occupational Advisory Board will be disbanded. Outside consultants or recognized specialists may be retained on an as needed basis.

## Equity of Sacrifice Sharing Information with the UAW

UAW and GM negotiators agreed that all Company stakeholders must participate in the modifications necessary to maintain business operations and become fully competitive. Accordingly, The Corporation must submit to the U.S. Treasury Department, on a quarterly basis information regarding progress being made towards the restructuring necessary to achieve long term viability. Upon completion of the mandated submissions, the Corporation will in confidence share the submissions, including information detailing the sacrifices being made by all the stakeholders, with the President of the UAW and the Vice President and Director of the UAW-GM Department.

## Binding Arbitration

Upon expiration of the 2007 Agreement, the parties will enter into a new National Agreement which will continue in full force until September 14, 2015.

Unresolved issues remaining at the end of negotiations on the 2011 renewal

of the 2007 National Agreement shall be resolved through binding arbitration with wage and benefit improvements to be based upon GM maintaining an all-in labor cost comparable to its U.S. competitors, including transplant automotive manufacturers.

## Elected and Appointed Representation

Consistent with efforts to meet the terms of the federal loans to GM, the Union and the Company have agreed to reduce the number of elected and appointed positions to core representation levels.

## Corporate Seniority Current And Former Saturn Employees

During recent discussions concerning the Application of Corporate Seniority relative to all current and former Saturn employees, the parties agreed that the following terms and conditions will apply:

1. All current and former Saturn production or skilled trades employees will have their Plant Seniority Date or Date of Entry established pursuant to the terms and conditions of Appendix A

– Memorandum of Understanding Employee Placement of the September 26, 2007 Agreement between General Motors Corporation and the UAW, as if they had never broken seniority when transferring between General Motors and the former Saturn Corporation.

2. No provisions of any Local Agreement may supersede or conflict with the application and implementation of this Memorandum of Understanding.

3. The implementation of the terms and conditions of this Memorandum will not be the foundation for any prior or future claims by any current or former employee.

4. The Spring Hill Operations will implement this change by August 1, 2009. The parties recognize that adjustments to the seniority dates of employees transferred to other locations within General Motors may require additional time to complete, but will be done as expeditiously as possible.



# Addendum to Voluntary Employee Beneficiary Association (VEBA) Agreement:

## *New funding structure aids company viability*

### Background

Retiree medical benefits were one of the most significant issues addressed in 2007 bargaining. The 2007 National UAW-GM Agreement established a new Trust Fund (called a "Voluntary Employee Beneficiary Association" or "VEBA"), which is responsible for retiree medical benefits starting on January 1, 2010. The 2007 Agreement established a series of cash contributions by the Company to the VEBA, beginning on January 1, 2010.

As described in the letter at the front of this summary, GM today stands at the very brink of bankruptcy. Without government financial assistance, GM would certainly fail, with devastating consequences including massive plant closures and a probable liquidation of the company. In a liquidation, the VEBA funding would likely be completely eliminated, which could likely mean an immediate and permanent termination of all retiree medical coverage. In liquidation, the pension plan would also certainly have been terminated, which would cause dramatic and painful reductions in pension benefits for many thousands of GM retirees. In order to avoid a liquidation, the government will be providing massive additional financial support to assist GM in completing its restructuring.

In order for GM to receive the necessary government support – which will allow the Company to complete its restructuring and continue operations into the future – we were required to support a series of changes to the retiree medical and VEBA agreements.

### Tentative Agreement Restructures Future VEBA Funding Obligations

**Existing Internal VEBA Assets Transferred on January 1, 2010.** Along with the new payment structure described below, on January 1, 2010 the VEBA will receive the assets of an internal trust fund maintained at GM (called the "Internal VEBA"). The value of the assets in that fund is currently approximately \$10 billion. The Company had sought to use these assets to cover the cost of benefits prior to the January 1, 2010 implementation, which would have depleted these assets and diminished the cash balance in the New VEBA. We successfully resisted these efforts and so the New VEBA will receive the full value of these Internal VEBA assets on January 1, 2010 consistent with the approach outlined in the 2007 agreement.

**The assets in the Internal VEBA have been invested by GM on the VEBA's behalf since January 1, 2008.** The value of these assets has been negatively impacted by conditions in the investment market during 2008 and so far in 2009. These assets will continue to be invested during the balance of 2009 and will be transferred to the New VEBA on January 1, 2010.

**New \$2.5 Billion Note.** Under the new funding structure, the VEBA will receive a new Note, payable in cash, with a Principal Amount of \$2.5 billion. Cash payments under the new Note (including accrued interest) will be \$1.384 billion payable in 2013, 2015 and 2017.

**New \$6.5 Billion in Preferred Stock.** The VEBA will also receive Preferred Stock in the restructured company with a face value of \$6.5 billion. This Preferred Stock includes a 9 percent cash dividend payment structure, under which the VEBA will receive \$585 million annually for as long as it holds this stock.

**VEBA to own Significant GM Common Stock.** Another requirement of the Treasury Department loans was that a portion of the value received by the VEBA be in the form of common stock. To meet that requirement, the VEBA will receive 17.5 percent of the stock in the restructured company. The remaining stock will be allocated between other creditors of the company and the United States Government. The overall restructuring of GM will eliminate a tremendous portion of GM's other debt obligations. With a greatly improved balance sheet, as well as with the significant restructuring of business operations, there is a realistic prospect that the stock in the new company will represent significant value in the future. If and when that occurs, a significant portion of that value will be captured by the VEBA through this stock ownership.

**Warrants.** In addition to the direct ownership of the Preferred and Common Stock described above, the New VEBA will also receive a Warrant, which represents an additional 2.5 percent of the Common Stock of the new company, with a strike price determined by an aggregate \$75 million in equity value. This will allow the VEBA to realize additional value if the stock of the company exceeds that value at any point prior to expiration of the new Warrant.

The new VEBA agreement includes mechanisms for the VEBA to sell the Common and Preferred Stock, as well as the new Warrants, to other parties under certain conditions.

**Pension Pass Through Eliminated.** One funding mechanism under the 2007 Agreement was called the "Pension Pass Through." Under that arrangement, the new VEBA was scheduled to impose an additional monthly contribution requirement, and the GM pension benefits were to increase in a corresponding amount. This mechanism has been eliminated and its value is instead reflected in the new Note and other instruments described above.

## Addendum to Voluntary Employee Beneficiary Association (VEBA) Agreement:

*New funding structure aids company viability (cont.)*

**Mitigation VEBA Assets Transferred.** Under the 2005 agreement, an independent VEBA is already operating and is responsible for providing dental benefits and certain “mitigation” payments (i.e. covering a significant portion of the co-pays, deductibles and contributions that retirees would otherwise be required to pay under the 2005 agreement). Under the 2007 Agreement, the assets in this existing independent VEBA (called the “Mitigation VEBA”) will be transferred into the New VEBA on January 1, 2010. It is expected that the assets in the Mitigation VEBA will be approximately \$700 million on January 1, 2010 but the actual balance will depend on investment performance and other factors during the balance of 2009.

**VEBA Committee can adjust benefits beginning in 2010:** As under the 2007 Agreement, the VEBA will be governed by an 11-member Committee, including 5 members appointed by the UAW and 6 Independent Members. Under the 2007 Agreement, that Committee had the authority, starting on January 1, 2012, to adjust benefits so that benefit levels can be kept consistent with the assets in the Trust. Under the tentative agreement, the Committee will be allowed to make necessary benefit adjustments beginning when the VEBA assumes responsibility on January 1, 2010.

The VEBA will have the right to designate a member of GM's Board of Directors, with UAW consent. The VEBA will be required to vote its GM shares in accordance with the direction of the Independent Directors on GM Board.

### **Immediate Changes in Benefit Levels Required**

Under the 2007 Agreement, GM remained responsible for providing retiree medical benefits through the end of 2009, with the new VEBA taking over responsibility on January 1, 2010. In the discussions over the last several weeks, the Company sought an “early implementation” of this transition. Had we agreed to that approach, the assets of the VEBA would have been depleted to pay benefits for the remainder of 2009.

We succeeded in avoiding this depletion of the VEBA’s assets during 2009, and GM will therefore continue to provide retiree medical benefits for the balance of 2009 until the new VEBA takes over responsibility. In exchange, however, the Treasury Department insisted that the benefits be immediately reduced to reflect GM’s difficult financial situation. In order to maintain the support of the Government, therefore, we were required to agree to the changes in benefits detailed in the chart on page 13. These changes will be effective on July 1, 2009 (or later if court approval is delayed beyond that date).

## Addendum to Voluntary Employee Beneficiary Association (VEBA) Agreement:

*New funding structure aids company viability (cont.)*

Benefit	Change
Prescription Drug Co-Pays	Retail (34 day supply) <ul style="list-style-type: none"><li>• \$10 Generic</li><li>• \$25 Brand</li></ul> Mail Order (90-day supply) <ul style="list-style-type: none"><li>• \$20 Generic</li><li>• \$50 Brand</li></ul>
Catastrophic Plan for retirees and surviving spouses who fail to pay required monthly contributions	No longer offered. Retirees and surviving spouses currently in Catastrophic Plan will be given opportunity to join regular plan.
Coverage for Erectile Dysfunction (ED) medications (e.g. Viagra, Cialis, Levitra)	No longer offered, except in prior authorized cases of Pulmonary Arterial Hypertension
Coverage for the Proton Pump Inhibitor drug class (e.g. omeprazole, Prilosec, Zegerid, Nexium, Achiphex, Prevacid, Protonix)	No longer offered, except in prior authorized cases of Barrett's Esophagitis and Zollinger-Ellison Syndrome
Vision Program	No longer offered
Dental Program	No longer offered
Emergency Room Co-Pay	\$100 (waived if admitted)
Medicare Part B Special Benefit (\$76.20 per month for retirees enrolled in Medicare)	No longer offered by health plan. This modification is not applicable to approximately 21,500 retirees and surviving spouses who retired or began receiving surviving spouse benefits before October 1979, and whose benefit is provided through the pension trust. The payments will continue for these pre-1979 retirees and surviving spouses.
"Low Income Retirees" (less than \$8,000 annual pension and monthly basic benefit rate of less than \$33.33)	Monthly contribution requirement of \$11 (flat rate regardless of family status)  In all other respects, these retirees and surviving spouses will be included in same plan as other retirees and surviving spouses.
Monthly Contribution Requirements (General Retirees)	No Change (currently \$11/single and \$23/ family)
Deductible and Co-Pay Requirements (General Retirees)	No Change (currently \$164 annual deductible and \$273 annual (single) out-of-pocket maximum)
Sponsored Dependents and Principally Supported Children	Consistent with changes made to the active medical program, the retiree medical program will not allow the designation of new "sponsored dependents" or "principally supported children." The provisions allowing new dependents to be added as a result of adoption or legal guardianship will continue in effect.

## Addendum to Voluntary Employee Beneficiary Association (VEBA) Agreement:

*New funding structure aids company viability (cont.)*

### The Future Outlook

In the early years of the VEBA's existence, it is unlikely that the VEBA will be able to sell the GM stock. The new VEBA will therefore be required to use the \$10 billion in immediate contributions from the Internal VEBA at GM, along with the assets of the Mitigation VEBA and the \$585 million annual cash dividend payment on the Preferred Stock due in 2010 and 2011, to provide retiree medial benefits during 2010 and 2011. Because of the uncertainty regarding the long-term value of the GM stock, the Committee will likely be required to make further adjustments in the benefit levels for 2010 and 2011. The extent of those future adjustments will depend on many factors, including investment returns in the Internal and Mitigation VEBA's during the remaining months of 2009.

If the GM stock can be sold in 2012 or thereafter for significant value, the Committee will be able to take that new value into account and restore some or all of the benefits that are being reduced under these arrangements. In other words, if the current restructuring efforts are successful and the company returns to viability, the UAW retirees stand to reap the benefit of that recovery through the VEBA's significant stock ownership.

### Pension Plan Maintained

At various points in the process, the Company, the Government and other creditor groups argued that the pension plan covering UAW retirees should be terminated. The Plan's funding status has been negatively impacted by conditions in the stock and bond market, and GM's UAW Pension Plan is currently underfunded.

A pension termination would have been devastating on UAW retirees, since the government's pension insurance program does not guarantee full benefits. In particular, early retirees who are receiving the Social Security supplemental benefits would have seen very dramatic reductions in their pensions.

The Company also demanded that the pension plan be "frozen," which would have meant that employees would cease earning additional years of credited service, or that the UAW agree not to bargain to improve pension benefits over the next ten years.

We successfully fought these efforts to terminate, freeze or otherwise restrict the benefits payable under the pension plan for UAW retirees. The agreement requires that GM maintain the UAW pension plan without change, which means that retirees will continue to receive benefits at their current levels without interruption or reduction. We also did not agree to any limits on our ability to bargain over pension benefits in future negotiations.

### Retiree Life Insurance and Legal Services Benefits

Both GM and the Treasury Department also argued that GM should eliminate its responsibility for retiree life insurance and legal services benefits, and that those benefits – if any – should be shifted to the VEBA. We successfully resisted those efforts. Both the Life Insurance and Legal Services benefits will remain the responsibility of GM and will continue in accordance with the current agreements covering those programs.

# UAW General Motors National Negotiating Committee

**Matthew Teachenor** is chair of Local 1292 - Grand Blanc Weld Tool Center and represents Subcouncil 5

**Alex Santana** is chair of Local 2166 - GMVM Shreveport and represents Subcouncil 2

**John Melton** is chair of Local 31 - GMVM Fairfax Kansas City and represents Subcouncil 2

**Tom Sanders** is chair of Local 659 - MFD Die Eng. Svc. Flint and represents Subcouncil 5

**Todd McDaniel** is chair of Local 362 - GMPT Bay City and represents Subcouncil 3

**Robert Coleman** is chair of Local 774 - GMPT Tonawanda and represents Subcouncil 3

**Harold Jackson** is chair of Local 816 - SPO Fort Worth and represents Subcouncil 1

**Norm Greenfield** is chair of Local 653 - MFD Pontiac and represents Subcouncil 4



## Ratification and Approval

This is a summary of the proposed modifications to the 2007 UAW-General Motors National Agreement, and a summary of the addendum to the agreement establishing the Voluntary Employee Beneficiary Association (VEBA) Trust. In all cases, the actual language will apply.

Modifications to the 2007 UAW-General Motors National Agreement will take effect on the first Monday following the ratification of the Agreement. The addendum to the VEBA agreement is subject to court approval, various government approvals, and approval by the General Motors shareholders.